

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Consultative Group of Eighteen  
Nineteenth Meeting  
7-9 July 1982

## NOTE OF THE NINETEENTH MEETING OF THE CONSULTATIVE GROUP OF EIGHTEEN

1. The Consultative Group of Eighteen held its nineteenth meeting on 7-9 July 1982. The annotated provisional agenda was circulated in CG.18/W/69 and the list of participants in CG.18/INF/20.

2. The agenda was as follows:

1. Contribution of the Consultative Group of Eighteen to the preparation of the Ministerial meeting in November 1982.

(i) Consideration as to how an agreed diagnosis of the state of the world trading system could be presented in Part I of the Ministerial Declaration.

(ii) Safeguards.

(iii) Dispute settlement.

(iv) Subsidies.

(v) Elements which will condition the trading environment of the future.

2. Co-operation on agriculture in the GATT.

3. Other business.

Item 1 Contribution of the Consultative Group of Eighteen to the preparation of the Ministerial meeting in November 1982

3. The Chairman recalled that the secretariat had circulated three documents for this agenda item: a note by the secretariat entitled "Commercial Policy in a Period of Disinflation" (CG.18/W/71); a document entitled "First Approximation to the Final Product", that is a provisional draft paper with elements of the Declaration which will be published at the end of the Ministerial meeting; and a note by the secretariat on developments in international trade which have a bearing on the trade and payments position of developing countries (COM.TD/W/368).

4. The Chairman said that the initiative for the Ministerial meeting had come largely from the Consultative Group of Eighteen, which had seen a need to take hold of a deteriorating situation in international trade relations and to demonstrate, at the political level, the commitment of the contracting parties to sustain and respect the rules without which there would be no multilateral trading system but merely a series of uncoordinated decisions by governments under pressure. Events since last autumn, when the Group had proposed that the Ministerial meeting be held, had strikingly confirmed the validity of this reasoning. Trade relations between the great trading entities had reached a stage at which talk of trade war could be found in every day's newspapers. This gave rise to concern everywhere because the economic health of the great trading powers influenced profoundly the rest of the world. The GATT, prescient or fortunate, had given itself an opportunity in November to show that it was capable of recognizing the danger and acting responsibly to avert it. The question was now whether the GATT would measure up to the opportunity which it had given itself. The Chairman closed by calling on Ambassador McPhail, Chairman of the Preparatory Committee, to report on the progress made in the Committee and on his intentions regarding the Committee's future work.

5. Statement by the Chairman of the Preparatory Committee.

Ambassador McPhail said that, since the Group's last meeting, the Preparatory Committee had been able to make further progress largely as a result of a series of informal meetings and consultations. The Committee had kept to the timetable it had set up for its work. The initial version of the First Approximation to the Final Product had served mainly to indicate the basic structure of the Ministerial Declaration. For the 27 July meeting of the Committee, a new draft of the First Approximation would be prepared so that delegations had a basis for further reflection during the mid-year break. This draft would present a revised political declaration in Part 1 of the document and reformulations in Parts 2 and 3 which would attempt to reflect the degree of consensus that had been reached on each of the proposals made.

(i) Consideration as to how an agreed diagnosis of the state of the world trading system could be presented in Part 1 of the Ministerial Declaration.

6. Under this item, the member from Australia introduced his government's "Proposals for an Initiative on Protectionism", the text of which has since been issued as document PREP.COM/W/21. He said that these proposals reflected the Australian Prime Minister's assessment of the economic problems besetting the major developed economies and the part protectionism had played in the present economic downturn. The numerous trade distorting measures which had accumulated over the past decades fed inflation, magnified budget deficits and restricted trade flows. Taken together, they now impeded world economic recovery. The Prime Minister had proposed that the Ministers at the Session in November react to this situation (a) by agreeing on a standstill on all assistance to industry which had a trade

distorting effect and (b) by instructing their officials to develop within a specific time-frame a proposal for the progressive reduction in existing levels of protection. The member from Australia stressed that there was now a need for a bold new approach, for concrete actions and not merely general statements of intent.

7. Many members welcomed the overall thrust and intent of the Australian initiative. One member said that the proposals were in fact a summary of an ideal GATT, of the GATT as it should be. Implementing the proposals would not guarantee a return to prosperity, but would remove a major obstacle on the way to prosperity. Many members however also expressed doubts on certain aspects of the proposals. In the view of one member it seemed over-ambitious to propose to curtail domestic subsidies granted for internal reasons. Another member said that the present economic uncertainty did not arise from the fear of protectionism but from a whole series of other factors, among them the effects of successive oil shocks, extensive adjustment problems, exceedingly high interest rates and wide-ranging exchange rate fluctuations. A standstill on protectionism would, under these circumstances, not promote recovery. To propose a gradual reduction of protective measures at this stage meant proposing a new round of trade negotiations when the contracting parties were still implementing the tariff reductions agreed during the Tokyo Round. His authorities could not agree to a standstill on export subsidies because these varied, under the system of restitution they applied, with the state of the market, although subsidies would not be used to obtain more than an equitable share of world export trade. The proposal to eliminate all export subsidies was not a practical proposition. This would go far beyond what had been agreed in the Tokyo Round.

8. One member, supported by another, suggested that many elements of the Australian proposals could be taken up in the context of items that were being discussed in the Preparatory Committee. If the Australian proposals were taken up as a single separate issue, they might constitute a barrier too high to be leaped. Another member said that many of the Australian proposals could be formulated as reiterations of earlier decisions. The members of the United Nations had taken a large number of decisions on protectionism, among them Resolution 131(V) which came out of the fifth UNCTAD. The GATT had adopted rules on subsidies. To propose a standstill on protectionism and subsidies appeared to cast doubts on the validity of these decisions and rules.

9. Another member, in a similar vein, said that the Australian proposals raised the question of the relationship between the proposed standstill and the contractual obligation under the GATT. A political standstill pledge could weaken GATT's legal framework and possibly also the resolve to tackle problems within that framework. One member expressed general doubts about efficacy of trade pledges, especially those that left key terms undefined. Another member cautioned that a standstill agreement might tend to freeze the present, particularly bad situation, and might imply an acceptance of existing illegal measures.

10. The Group then turned to the question of how the state of the world trading system should be presented in Part 1 of the Ministerial Declaration. One member, supported by others, said that the GATT, given its contractual and operational nature, should not engage in detailed macro-economic analyses. It would be sufficient to recall the main facts: inflation, employment, high interest rates, the structural adjustment problems, the payments imbalances, and the fluctuations in exchange rates. Then the specific trade problems that had arisen could be mentioned: the protectionist tendencies, the bilateral solution of certain trade problems and the export subsidies. One should avoid an academic explanation of the past which could serve as an excuse for the protectionist measures taken. It was imperative to avoid presenting a negative picture of the GATT to the public. Ministers should state their firm intention that they intended to respect and, if necessary, improve, the GATT as a contract, as a negotiating instrument and as a forum for the settlement of trade disputes.

11. Another member added the Ministerial Declaration should give appropriate weight to the various factors that contributed to the present difficulties. The secretariat paper (CG.18/W/71) gave considerable importance to uncertainty about future trade policies as an investment inhibiting factor; he thought that uncertainty about future value of money was the most important factor. Protectionism certainly needed to be fought but the present problems could lastly be only cured if the imbalances and rigidities that had developed in the major economies were overcome.

12. Several members urged that the developing countries' problems be given greater emphasis in the First Approximation. In the view of one member there was too little recognition of the fact that the gap between developed and developing countries was increasing, that developing countries could not assume the same obligations as the developed countries, and that Part IV of GATT and the provisions of the Enabling Clause were not sufficiently respected. Another member mentioned low growth rates, declining terms-of-trade and rising debt service burdens as developing countries' problems which should be given greater prominence in the Ministerial Declaration.

13. One member said that the concluding paragraphs of document COM.TD/W/368 gave guidance as to how the problems of the developing countries could be presented. Another member said that it should be recognized that the import possibilities of the developing countries could be enhanced by giving them better access to markets and financial resources on better terms and that this would help stimulate world economic recovery. One member felt that inflation, unemployment, and declining productivity might just be symptoms; the root of the problems were possibly of a structural nature. He mentioned in this context the asymmetrical distribution of productive capacity and technology, the unfair and unequal exchange relationship between raw materials and manufactured products, the declining purchasing power of the poor countries and the high cost of debt servicing. If these basic structural problems - which were in his view much more serious and basic than the problems of the 1930's - were not adequately diagnosed at the Ministerial Meeting, it would not contribute to a durable elimination of the present economic malaise.

14. The Chairman concluded that there appeared to be agreement in the Group that the Ministerial Declaration should take into account the broad economic setting within which trade policy had to be conducted without however treating in detail matters that were beyond GATT's competence. The emphasis in the Declaration should be on specific decisions because it would be judged by its operational content. He further said that the Ministerial Declaration was not only addressed to trade experts but to the public at large. A simple and sober declaration avoiding technical jargon would therefore best serve its purpose.

(ii) Safeguards

15. The Chairman said that this was an exceedingly difficult subject as all who participated in the Tokyo Round knew. But in the past weeks there had been fairly intensive consultations that had demonstrated a clear political will to use the opportunity presented by the Ministerial Meeting to achieve a solution to the safeguards problem. He appealed to all involved in the negotiation process to maintain a flexible attitude on all key issues.

16. Many members stressed their interest and willingness to move forward in this area at the Ministerial meeting. There was general agreement in the Group that the problem of safeguards was of the highest political importance because a balanced and equitable safeguards system was an essential element of a well-functioning trading system. One member said that the credibility of GATT as an effective framework for the exchange of trade concessions was at stake, and also the faith in GATT's ability to resolve through negotiations basic trade policy issues. Some members said that at least the fundamental elements of a safeguards system should be determined at the Ministerial Meeting, which could be elaborated at a later stage.

17. Several members listed their negotiating objectives for an improved safeguards system. Some said that safeguard measures should be exceptional and temporary, subject to clear conditions and transparency requirements, and cause minimal disturbance. One member indicated the following negotiating objectives:

- Placing, after an appropriate phase-out period, all measures with safeguarding effects under the discipline of Article XIX;
- a provision clearly defining serious injury and threat thereof;
- avoidance of any discrimination against imports enjoying comparative price advantage;
- a provision requiring a commitment by the country applying safeguard measures to adopt domestic policy measures to remedy and relieve the situation which gave rise to the safeguard action;
- a provision establishing definite time-limitations for the application of safeguard actions;

- a provision for the establishment of a surveillance body to monitor compliance with all the provisions of a strengthened Article XIX;

- a provision granting special and differential treatment to developing countries.

18. One member said that an agreement on safeguards should help maintain the liberal trading system. It should not permit selective action except when agreed to by the exporting country. It should apply to all contracting parties and should therefore be adopted in the form of a decision of the CONTRACTING PARTIES. And it should provide for prior notification of all safeguard actions and for compensation or retaliation procedures discouraging the resort to safeguards.

19. On the geographical application of safeguard measures, one member said that the time had come to be realistic. The grey area measures could only be included in the safeguards system if one accepted that not all safeguard measures had to be applied erga omnes. However, any bilateral safeguard measures had to be made subject to strict criteria which should be designed to neutralize any differences in economic power between the exporting and the importing country and to offset the decline in the pressure to avoid safeguard actions resulting from a bilateral rather than multilateral application of the safeguard measure. An obligation to offer compensation could have both positive and negative effects. On the one hand it would discourage countries from taking safeguard measures; on the other hand, the withdrawal of safeguard measures, once the trading partners had been placated through compensatory actions, might become less likely. Moreover, there was the danger that the safeguards system providing for the possibility of granting compensation would constitute an expanded Article XXVIII procedure permitting not only the compensatory withdrawal of tariff concessions but of other GATT obligations as well. Both the positive and the negative aspects of an obligation to compensate should be taken into account in the further negotiations.

20. Several members said that the crucial problem was to define the conditions for a selective application of safeguard measures. One member said that, according to an informal proposal now being discussed, selective action may be applied on the basis of an agreement between the exporting and the importing country. There might be advantage in bringing current forms of selective action under the GATT framework, but smaller exporting countries might regard such a rule an opening to extortion of consent under threat of severe import restrictions if agreement were withheld. There could also be cases where the exporting country whose products were clearly the cause of the injury might refuse to agree to the safeguard action, and the interests of other parties affected by the distortions in trade created by the orderly marketing arrangement are unlikely to be taken into account.

21. One member said that selective safeguards were a fact of life and there was some advantage in bringing them under the GATT system because this would ensure transparency and multilateral-surveillance. If unilateral selective action was allowed, unilateral retaliatory action would have to be allowed as well, which the importing country could of course avert by offering compensation. The difference between agreed and unilateral selective action would then mainly be that in the former case the "payment" (in the form of retaliation or compensation) would be made before the safeguard action and the latter case thereafter. A selective safeguard system would tend to generate different sets of rights and obligations between the contracting parties. He was therefore not authorized to agree to such a system, and he did not think that it would be possible for him to obtain his authorities' agreement to non-consensual selectivity.

22. One member said that the negotiations should not focus solely on the problem of selectivity. All key issues should be approached in an integrated manner and with an open mind. Selectivity would necessarily have its price, which might be in the form of a higher degree of international surveillance or of special rights of retaliation or compensation. He noted that it could well be that the advocates of selectivity would find that the price which had to be paid was too high.

23. The Chairman noted with satisfaction that the discussion in the Group had now turned to the concrete problems involved and he encouraged the members to continue their efforts with a sense of urgency since little time was left before the Ministerial meeting.

(iii) Dispute settlement

24. The Chairman recalled that the responsibility for the question of dispute settlement rested with the GATT Council, which had held on 29 June a special meeting on dispute settlement, notification and surveillance. The Council had agreed that its Chairman, Ambassador Das, should carry out consultations in order to determine whether conclusions on this subject could be presented to the Ministerial meeting. Given the political importance of the subject it seemed appropriate that the Consultative Group discussed it too.

25. Several members said that well-functioning dispute settlement procedures were essential to build and maintain the confidence of the contracting parties in the GATT legal system. The dispute settlement process needed to be improved to ensure greater certainty both as to the panels' conclusions and the implementation of their recommendations. Panels should do their work more expeditiously; the composition of panels should be improved; adequate support by the secretariat should be ensured; and the implementation of well reasoned panel recommendations should be guaranteed. One member proposed that the CONTRACTING PARTIES, at their Ministerial Session, decide to replace the panels by arbitration bodies composed of experts from outside GATT, whose function would be to determine legal questions and make recommendations for the resolution of disputes by the CONTRACTING PARTIES. These arbitration bodies should be available at any stage in the conciliation process.

26. One member distributed a paper with a ten point proposal on dispute settlement, which has since been circulated as PREP.COM/W/20. The member outlined the main elements of the proposal, emphasizing that the resort to the GATT dispute settlement procedures was for the smaller and less influential contracting parties the sole means to protect their GATT rights and that an improvement of these procedures was therefore essential.

27. Another member suggested that the conciliation procedure be reinforced. The Council should be asked to establish a permanent organ in charge of facilitating conciliation. Another improvement might be if, following the circulation of the panel report, the contracting party concerned had to inform the Council of the steps it intended to take in the light of the panel report. This would permit the Council to formulate its recommendations in full knowledge of the contracting party's intention. He expressed scepticism about the possibility of establishing fixed time-limits and of selecting persons from outside the GATT as panel members. Another member suggested that panel reports should be adopted by the Council on the basis of a consensus, with the parties to the dispute abstaining. If no consensus could be reached, a vote should be considered.

28. One member said that the present large number of disputes was threatening to overburden the GATT. More efforts to seek solutions in bilateral consultations should be made. Disputes should not be brought to the GATT for the purpose of blaming other countries for economic difficulties. He supported the idea of improving the conciliation procedures but cautioned against overburdening this procedure with too many cases.

29. One member said that the present dispute settlement procedures had been in force only for three years and should not already now be deemed a failure. Another member pointed out that much work went into the negotiation of the present dispute settlement procedures. It did not seem likely to him that substantial changes in these procedures were already justified after only three years. The procedures were not deficient; they were not used well. He expressed hesitation about the creation of an automatic right to a panel because one could not exclude the possibility of frivolous or unjustified requests for a panel.

30. One member suggested that the Ministerial meeting set up a group of experts to examine the GATT dispute settlement procedures and to make recommendations.

31. Ambassador Das, Chairman of the Council, said the discussions in the Group would facilitate the discussions in the Council and the informal consultations he proposed to undertake. So far he had not detected a desire to amend massively the present procedures. The general view was that these should be improved in the light of experience during the past three years.

In the further consultations an appropriate balance between conciliation and adjudication would need to be found. The implementation of Council's decisions on panels was another important area to be considered and some follow-up mechanism would probably need to be established.

32. The Chairman concluded that much work still needed to be done to reach a consensus in the area of dispute settlement and he urged the members to make good use of the time between now and the Ministerial meeting.

(iv) Subsidies

33. The Chairman said that this too was a problem of fundamental importance. Not only were subsidies capable of distorting, as seriously as measures at the frontier, conditions of competition, but they could also be at the origin of extremely serious disputes. In the Preparatory Committee differences of approach to this question had emerged which might make it difficult to deal adequately with it at the Ministerial meeting. Some delegations felt that the Subsidies Code provided an adequate forum for the resolution of any problems arising in relation to subsidies and that there was no need for action by Ministers. Others believed that Ministers should make a general political pledge which would recognize the danger of the proliferation of subsidies and the need for a greater degree of transparency and multilateral discipline. Yet other delegations took the view that subsidies had to be looked at in a wider context than that of the GATT. So long as delegations stood on their present positions there was not much prospect of progress at the Ministerial meeting. It would be useful if, in today's discussion, the various positions could be explored further.

34. Several members said that the problem of subsidies could appropriately be mentioned in Part 1 of the Ministerial Declaration, but any operational problems should be resolved not in the Declaration but within the framework of the Subsidies Code. One member said that, if the rules on subsidies were to be changed, this should not be done at the Ministerial meeting because then a gap might develop between the legal commitments of the contracting parties and the line of thought that might evolve at the Ministerial meeting. The best solution would be if all contracting parties became members of the Code and participated in its further elaboration.

35. One member stated that the question of subsidies could not realistically be reopened so soon after the Tokyo Round. To do so would require the reopening of other issues which had formed part of the Tokyo Round package and that was not practical. Another member said the subsidies issue deserved review. A major renegotiation would however make linkages with other issue areas inevitable and this would appear to exclude the Subsidies Committee as an appropriate forum.

36. One member said, if the Subsidies Code were reviewed, two matters would need to be taken up. First, the determination of injury, which now involved an examination of the rate of increase in the volume of subsidized imports and was therefore biased against countries with a low initial export volume; and, second, the exemption from the Code obligations of practices under certain international undertakings on official export credits, which permitted a small number of Signatories to change the law for all Signatories.

37. One member said that the countries for which he spoke took the view that the Ministerial meeting ought to address itself to the new OECD arrangement on export credits, under which interest rates had been raised and which therefore adversely affected the import opportunities of the developing countries. The Ministers should recommend that the OECD arrangement not be applied to exports of capital goods to developing countries. In this way the Ministers would help the developing countries diversify their economies in conformity with the objectives of Part IV of GATT.

(v) Elements which will condition the trading environment of the future

38. No discussion took place under this sub-item of the agenda.

Item 2 Co-operation on agriculture in the GATT

39. In introducing this agenda item the Chairman recalled that, ever since the CONTRACTING PARTIES had agreed in November 1980 that the Group should provide adequate additional time in its meetings to review matters affecting agricultural trade, agriculture had figured prominently on the Group's agenda. A number of studies had been prepared at the request of the Group and it was now time for the Group to consider what conclusions it could draw from its previous discussion and analysis of the international agricultural situation. He reminded the Group that as the only GATT body dealing with agricultural matters in general, it had been requested by the Preparatory Committee to make a contribution towards the preparation of the Ministerial Session as regards agriculture. At its last meeting in May, the Group had agreed that between then and its July meeting "the secretariat would work on the elaboration of a draft work programme". The secretariat had held informal consultations with interested delegations on the basis of a draft programme. These consultations had revealed the existence of a growing consensus on the major features of such a work programme, but some delegations had considered the draft went too far in certain areas, while some other delegations had felt it was not bold enough in more or less the same areas. The secretariat therefore had concluded that it would be premature to issue an elaborated text and, instead, had circulated in document CG.18/W/70 a check-list of items, all or some of which might eventually form the basis of a work programme. This check-list had been issued in order to draw forth from members further clarification about their positions. The Chairman also referred to a communication made by Chile

contained in document PREP.COM/W/13 relating to that delegation's views on agriculture. The Chairman noted that this proposal reflected the fact that some governments, who were not represented in the Group, had a keen interest in agriculture, and that a contribution from the Group on agriculture was anxiously awaited in the Preparatory Committee.

40. One member recalled that at the last meeting of the Group, his delegation had referred to the many tensions in the area of agricultural trade which required priority attention by the GATT. Agricultural trade must be liberalized and integrated fully within the GATT. His delegation appreciated that governments had to take into account the political and social factors in the agricultural sector and that they had the right to provide reasonable support for that sector. However, the international community should not have to bear the costs of that support. His delegation was presenting a proposal for a programme of action directed towards negotiations which would aim at ameliorating the disparity of treatment and opportunity that existed between agriculture and industry.

41. This proposal called for developing specific negotiating possibilities by the end of 1983. No additional trade distorting measures would be applied on agricultural trade. Steps would be taken to reduce progressively (on a formula basis) all existing protective measures applying to trade in agriculture. There would be an immediate and progressive reduction in the level of existing export subsidies, and their elimination within a definite time period. The proposal was directed at attaining by 1987, a reduction of assistance measures and a significant liberalization of agricultural trade so that the situation in the agricultural sector would be substantially in accordance with that in the industrial sector. This proposal has since been circulated as PREP.COM/W/22.

42. Some speakers stated that they supported the thrust of this proposal, although they would wish to study it in greater detail, and may not necessarily agree with all of its components. Some members were in favour of the objective of achieving the integration of agriculture within the rights and obligations of the GATT, on a par with industry. One speaker stated that it was of paramount importance to his country that Ministers affirm that there should be equality of treatment for agriculture with industry, as regards the content of the rules as well as their effective application. Some other speakers however stated that they could not accept a new negotiation in the agricultural sector. Some speakers mentioned that even if there were not a negotiating round, steps could be taken to ensure more predictable market access. The delegation concerned took note of the comments made regarding its proposal. It stated that its proposal was still on the table and that it intended to pursue the matter with other countries.

43. Some speakers also made specific observations on the checklist of items prepared by the secretariat. It was pointed out that there was some overlap between the check-list and the above proposal.

44. One member, commenting on the points in the check-list, said it was important that all contracting parties should respect, as some already do, their obligations to notify to the GATT measures affecting trade. He believed that Ministers could usefully examine all current notification procedures with a view to making them more uniform as regards their format and legal basis and to giving them the same operational consequences. At present some notifications led to consultations whereas others had no practical effect at all. It would also be important to look at internal policies, notably domestic subsidies, which could seriously distort trade. His delegation was therefore open to the suggestion that measures affecting market access of, and competition in, agricultural products should be examined in the light of rights and obligations under the GATT - which would alone give purpose to such examination. It had no fixed opinion as to where such an examination should take place: it could be under Article XXII, for example, or where relevant under the Meat and Dairy Arrangements, which were working well. (He added in parenthesis that it was regrettable that cereals and certain other commodities could not likewise be dealt with in parallel with GATT.) A decision to carry out such an examination could appear in Part II of the Ministerial Declaration.

45. With regard to waivers and other derogations from GATT, the same member said that though all contracting parties should have the same obligations, the waivers and other exceptions contained in Protocols of Accession were historical facts which Ministers could not simply do away with. They should however decide in Part III to examine these exceptions. He did not believe that there was a real problem of agricultural surpluses, given the world problem of under-nourishment, and therefore questioned whether it was necessary to review the disposal of surpluses. He said that if certain points in the check-list were to be understood as proposing a major new round of negotiations his delegation could not accept. Contracting parties were in any case in permanent negotiation, as a result of, for example, Article XXVIII. Nor could his delegation agree to negotiate and implement a standstill on export subsidies, and in this respect its position was unlikely to change. He expressed doubts as to the likelihood of arriving at a new common understanding of the scope of the provisions of the General Agreement, especially as regards Article XVI, but his delegation was prepared to agree to a study of this possibility under Part III of the Ministerial Declaration. Such a study might lead to improved interpretations, though not to new rules; for example, it might be possible to achieve greater precision as to the meaning of "a representative period" under Article XVI. It might also be possible to agree in Part III to study possible solutions regarding measures either not expressly provided for or not covered adequately in the General Agreement, though this would require much thought and care. The possibility of establishing rules or disciplines on credit sales and non-commercial transactions might also be subject to study under Part III. Finally his delegation considered that it would be logical to create a special institution to deal with agriculture, and consequently could accept the establishment of an Agriculture Committee.

46. As regards notification of national policies, one member warned against attracting an unusable mass of information. There should be a focus on only those measures which have a distorting impact on agricultural trade. Similarly, another speaker stated that he would have no objection to notifying the policies of his small country, but the impact of these was marginal as compared to the policies of larger countries, whose notifications would accordingly be far more important. One speaker however considered that the notifications should be as extensive and detailed as possible and include, inter alia, measures which limit imports for reasons of public health.

47. A number of speakers were in favour of establishing an agricultural committee. Some spoke of the need for substantial terms of reference for such a body to avoid it being a "talk shop".

48. Some speakers drew attention to the special characteristics of the agricultural sector, including concern about security of food supplies as well as regional, social and political factors. Certain speakers felt that the Ministerial Declaration should take into account these special characteristics.

49. Another member drew attention to the recent phenomena of trade embargoes and sanctions which were creating distortions in trade in general and in agriculture in particular.

50. Many speakers referred to the important trading interests of developing countries in the agricultural sector. Special attention should be given by Ministers to see that their interests were advanced and protected and their terms of trade improved. In this connection, one speaker referred to a proposal by her country which has since been circulated as PREP.COM/W/19. This communication called on Ministers to address: the problems of the deterioration in the terms of trade and instability in prices of primary products, problems of indebtedness of developing countries, problems of protectionism as regards exports from developing countries and the implementation of Part IV of the General Agreement and of the Enabling Clause.

51. In closing, the Chairman stated that it had not been possible at this stage for the Group to present an agricultural work programme to the Preparatory Committee. Consultations would continue on the matter, and the results of the Group's deliberations so far would be sent to the Preparatory Committee. The secretariat, which had been mandated earlier by the Group to work on the elaboration of a draft work programme in consultation with interested delegations, remained at the disposal of delegations to contribute towards the elaboration of a work programme. The matter would remain on the agenda of the Consultative Group of Eighteen as well as that of the Preparatory Committee.

Item 3 Other business

Membership of GATT

52. One speaker noted that the forthcoming Ministerial meeting had aroused worldwide interest and expectation. In his view, some ministers might refer to the question of membership of GATT. Recalling that during the 1950s and 1960s the number of contracting parties had increased substantially, the speaker said that at present there were eighty-seven contracting parties, one provisional member, one negotiating accession and thirty countries were applying the General Agreement on a de facto basis. Altogether these 118 countries accounted for approximately 85 per cent of world trade. However, a number of important trading nations were still outside the GATT. Some governments were participating in certain MTN Agreements and MFA III without acceding to GATT. The speaker suggested that the following questions might require further reflection: (1) why were a number of major trading nations reluctant to join the GATT; (2) was it too cumbersome to go through a six-stage process of accession; and (3) did major trading nations who were not members consider that the benefits of joining a weakened GATT had diminished?

53. There was agreement that the Group might come back to this issue at a future meeting.

Next Meeting

54. It was agreed that the Group's next meeting should be held on 6-8 October 1982.